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AN IMPERATIVE FOR CARIBBEAN AGRICULTURAL
DEVELOPMENT: " BOUTIQUE AGRICULTURE " .

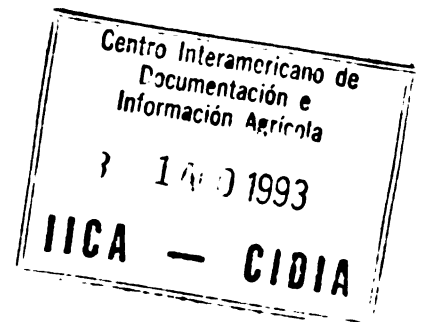
By: A. Reyes-Pacheco*

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**AN IMPERATIVE FOR CARIBBEAN AGRICULTURAL
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The views expressed in this article are those of the author and do not necessarily reflect those of the Inter-American Institute For Cooperation On Agriculture.

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**AN IMPERATIVE FOR CARIBBEAN AGRICULTURAL DEVELOPMENT:
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The world's movement towards free-market oriented economic principles; highly appreciable since the late 1980's, is one of the most stimulating reforms in today's economic environment. This, intertwined with other no less stirring processes 1/; whether political and/or technological, are conforming ample economic markets yonder national frontiers. i.e. The EEC Common Market for 1992, The North American Free Trade Area between Canada, The United States and Mexico, The Enterprise for the Americas Initiative, The Pacific Basin, The Caribbean Basin Initiative, The Uruguay Round Talks on General Agreement on Trade and Tariffs--GATT--. Indeed, anew international political relations and economic competitiveness are becoming key issues in present political and economic scenario.

Granted, the world scene is being delineated into grand economic blocks, which would translate into changing the structure and pattern of world trade. For factor endowments and production technologies of a/or group of countries can affect international trade 2/. Thus economic integration; if not political, among nations is nothing new. These concurrent processes 3/, retarded in Latin America and the Caribbean, are essentially an attempt to thrive social and political stability. Its pursual has been politically hazardous and a long-winded agenda. And yet it needs to be recognized that if Latin America and the Caribbean are to endure economically and/or keep pace with the rest of the world to sustain a competitive position, furthermore if social-political security is to be enjoyed, its economic unification is compelling. The inter-relationship of economic vis-a-vis political well-being does not need to be dramatized.

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- Notes: 1/ i.e. The political and economic reconfiguration of Eastern Europe as well as the Union of Socialist Soviet Republics--USSR--.
- 2/ For further reading on models explaining the structure of international trade see Baldwin, R.E. and Richardson, J.D. Eds. International Trade and Finance: Readings. Part I.
- 3/ i.e. The Central American Common Market--CACM--., The Caribbean Community--CARICOM--., The Andean Pact--ANCOM--., The Southern Cone Common Market--MERCOSUR--.



As for the Caribbean region, political acknowledgment to address and hasten integration is palpable. The willingness is manifested, but deliverance is retained and needs to be accentuated. Adherence to integration rhetoric has never been a prerequisite for economic development, only as an explicit augury of good will and purposes. Surely, through economic integration, if not political, the plausibility for the region to set foot into a wider world market could considerably be heightened; provided the Caribbean embraces a trade and market liberalizing thrust. This demands efforts to strengthen economic policies and reforms to fulfill growth and development within a free-market framework.

Presently what resembles to be decisive, is how the Caribbean region in on itself, will seizure economic benefits if any, derive from arising economic opportunities?. The latter as a consequence of extended world markets and more unobstructed trade 1/. The question then is not whether the imperfections in international markets systematically operate to the disadvantage of the Caribbean? and if freer and broader market improvements increases the Caribbean countries income and improve competition and efficiency at the same time?. These fundamental issues have not been settled as yet and the literature is abundant in trade topics 2/. But what prevails is an overall trend towards a less restrictive world trade, which will affect the Caribbean.

This envisioned expanded markets and conformation of economic blocks will have economic and trade implications for the Caribbean. Specifically the Single European Market in 1992. *".....Major changes in the 'rules of the game' governing EEC-Caribbean trade would have far-reaching consequences on Caribbean agriculture, foreign exchange earnings, employment and resource allocation. These impacts would not be felt solely in the agricultural sector, but would also affect the entire Caribbean macroeconomy, given the importance of EEC-*

Notes: 1/ For a theoretical presentation on the basic trade model regarding gains from free trade within an international markets see: Caves, R.E., and Jones, R.W., 3rd. edit. World Trade and Payments. Pages 13-29.

2/ A provocative address to the issues about gains and trade-offs of market efficiency and imperfections is presented by: Cline, R.W., Policy Alternatives For A New International Economic Order. Pages 357-384



Caribbean agricultural trade to national income, foreign exchange earnings and employment. The implications are crucial for the region's economic and political stability and survival" 1/.

With the above mentioned advent, it is imperative to develop strategies tailored to foreseeable situations to contrast adverse effects and promote growth and development. In this context the agricultural sector and its modernization has a role to play as the engine of economic reactivation. ".....a proposal for the economic reactivation must be based upon, the reactivation of the agricultural sector, through increases in productivity and improved efficiency, as well as upon increased coordination of agricultural production with the rest of the economy.

.....this proposal is consistent with current economic conditions, since an increase in agricultural production would have a favorable impact on the external balance of payments; reduce the pressure of inflation; have an important multiplier effect on the rest of the economy; an immediately improve the living conditions of the poorest sectors of the population, those who live in the rural areas. Furthermore.

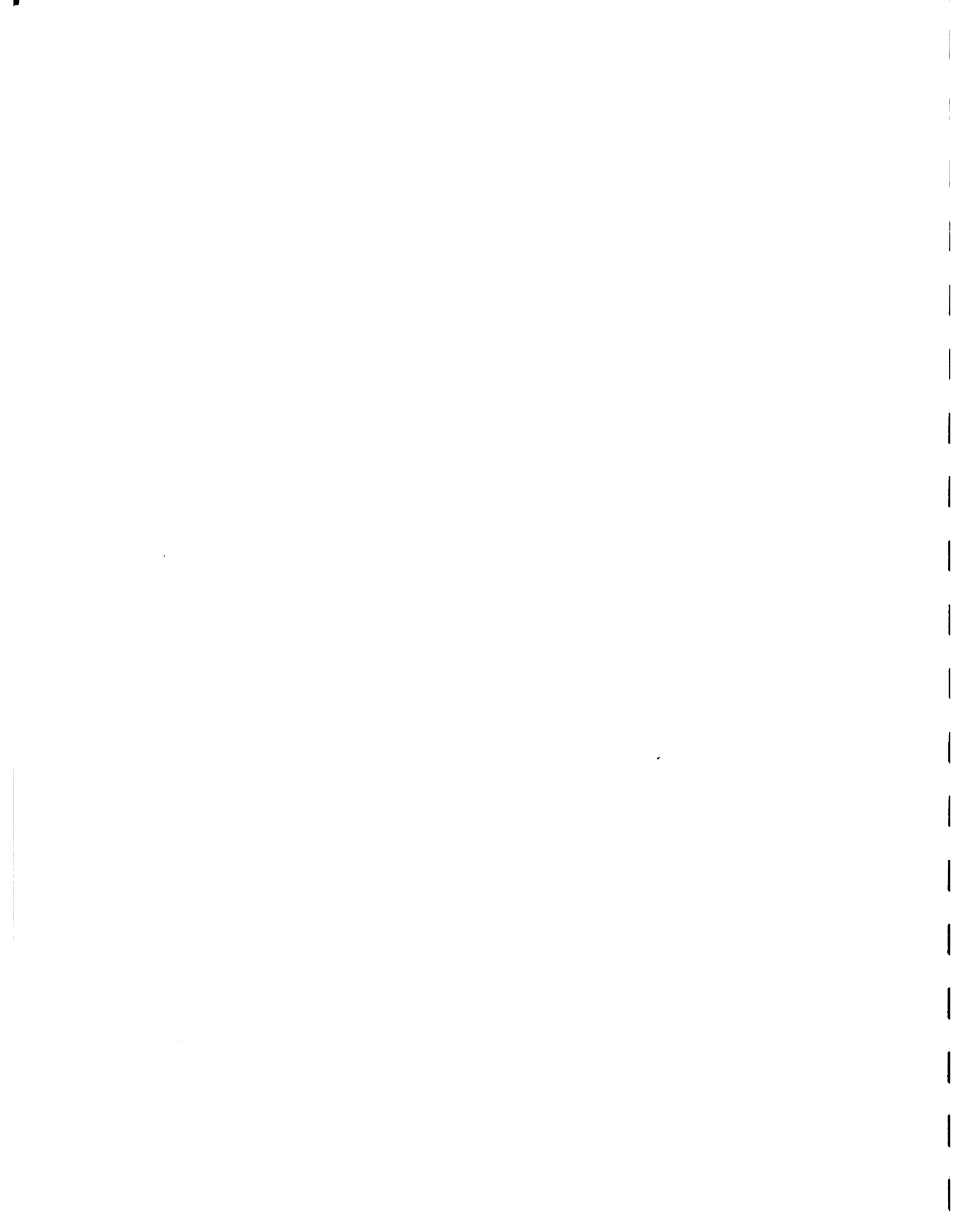
.....this strategy will not require large transfers of income from other sectors of the economy, but rather neutral macroeconomic policies that do not contain biases against agriculture.

.....The increase in the intersectoral linkages resulting from the process of agricultural reactivation and modernization would make it possible to conceive new ways to connect agriculture and industry, whereby the development of the latter would be based on the reactivating effect of greater agricultural income from productivity increases" 2/.

For the Caribbean, the potential contribution of agriculture to the overall economy is understandable. The economic significance of the agricultural sector in each of the Caribbean countries is heterogeneous at best as illustrated in table # 1. The prominence of the agricultural sector in the social and economic development processes in the Caribbean needs not to be underscored. Also, its abiding

Notes: 1/ Budhram, D. and Rock, L.. The Single European Market of 1992: Implications And Policy Options For Caribbean Agriculture. Pag. 16

2/ Structural And Sectoral Adjustment Programs: Implications For The Reactivation And Development Of Agriculture. EDI. IICA pag. 7



resistance to adverse and unyielding economic times in the 1980's.

Table #1

Caribbean Countries: Contribution of Agriculture to GDP
(Percentages)

Countries	1980	1985
Antigua	7.4	3.7
Barbados	10.3	9.6
Dominica	25.7	29.2
Grenada*	20.9	20.1
Guyana*	21.5	25.9
Jamaica**	8.3	8.9
Montserrat	4.2	4.6
St. Kitts and Nevis	16.8	13.9
St. Lucia	11.8	14.1
St Vincent and the Grenadines	13.1	17.4
Trinidad and Tobago	2.4	2.5

Notes: * GDP at market Prices ** GDP at producers' prices
Source: Modified from Budhram, D. and Rock, L., The Single European Market of 1992: Implications and Policy Options For Caribbean Agriculture Pag. 38

Table #2

Growth Rate of Agricultural GDP in the Caribbean
(Percentages)

Countries	1985	1989
Barbados	-0.7	-7.8
Guyana	0.0	-1.0
Jamaica	-3.5	-4.3
Trinidad and Tobago	7.6	14.9
Antigua and Barbuda	2.2	3.2
Dominica	-2.5	-12.8
Grenada	-6.4	2.4
St. Kitts and Nevis	-2.25	-3.9
St. Lucia	12.2	1.0
St. Vincent and the Grenadines	8.4	1.3

Source: Modified from: Budhram, D. and Rock, L., The Single European Market of 1992: Implications and Policy Options for Caribbean Agriculture. Pag. 36

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It was agriculture which endured and impeded greater economic setbacks of the so called "Lost Decade" for development.

Evidently, The Caribbean needs to reassess its agriculture; if this sector is to be economically viable in the envisioned anew world economic order. The times demand a reevaluation of agriculture's role, if the countries are to reap wider benefits from the Caribbean integration and freer world trade. Specially now, when the terms of the external trade relationship with the European Community are being questioned, and the relative importance of agriculture in said market. See table # 3 and # 4 in the annex for the Caribbean export concentration indices showing the ratio of leading commodity exports to total exports. And also the degree of the Caribbean countries' agricultural dependence on EEC favored markets. *"At this time, it is too early to determine the medium-to long-term impact of the single market in 1992 on the EEC's policy of granting Caribbean countries preferential markets, but it is essential that the region places itself in the best position to minimize the shock of any loss of preferential markets for key exports, or to take advantage of any policy of continued trading preferences and opportunities provided by an expanded EEC market".1/*

Whether or not the progress towards trade liberalization and globalization of markets proffers anew opportunities for the region to export; despite the outcome of what EEC/1992 would signal regarding preferential markets for the Caribbean, it remains to be seen. *"....For the world economy as a whole, the opening of these economies is good news. It promises new markets for exports, new sources of imports, and new investment opportunities" 2/.* The key to the full realization of feasible benefits from freer trade hinges on competitiveness. As subsidies and trade barriers are dismantled, the countries are ever pressed for integrating their economies and developing joint strategies to implement policies and plans which accent production and productivity to profit from these possibilities.

The foreseeable broader world economic setting, suggests

Notes: 1/ Op. Cit. Page 16

2/ For an study on the economic implications of likely developments in Eastern Europe and the Soviet Union for global trade and capital flows see Colline, S.M. and Rodrik, D. Eastern Europe and The Soviet Union in The World Economy. Washington, D.C. USA.. 1991. Pag 1.

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promising opportunities to increase agricultural trade and thus economic growth. To capitalize on this, the immediate challenge is to determine the competitive edge of the Caribbean countries. In short, their comparative dominance. Of exceeding interest, it is indeed the agricultural sector and agroindustry which in the short-run yields this edge, and vanguard economic growth 1/.

It is anticipated that Caribbean agriculture will have to compete in the world markets with those countries with tropical agriculture. The Caribbean countries are and would be able to increase substantially its agricultural production and productivity, provided an adequate economic environment and the necessary incentives.

For agriculture to perform the role it merits, the strategy requires answers concerning the efficient allocation of resources --land, labor and capital--, economies of scale, generation and transfer of technology issues, value added of traditional and non-traditional agriculture, labor and capital productivity. No less crucial, the said strategy obliges interlinkages with agroindustry and marketing considerations; for more is required than just trade liberalization. Indeed, competition and the fundamentals which determine the capacity to compete are central. Efficient marketing systems are to be arranged if world market opportunities are to be meaningful.

The Caribbean agricultural sector appears to have compelling comparative advantages to compete in international markets. Granted the region's limited land available for expanding agriculture, and thus the possibilities to increase production by additional acreage are bounded; the path of productivity and agroindustry is to be chosen. The question pending is what are the agricultural produce in which the countries are competitive and/or may have a leeway? Additionally, it is important to determine which are the elements of competitiveness for the Caribbean that are "natural" and those that are "man-made"?

The changing world economic and political milieu; especially in Eastern Europe, augurs an increase trade and thus

Notes: 1/ For a detailed presentation on this topic see:
Inter-American Conference of Ministers of
Agriculture., Reactivating Agriculture: A Strategy For
Development. IICA. 1987.

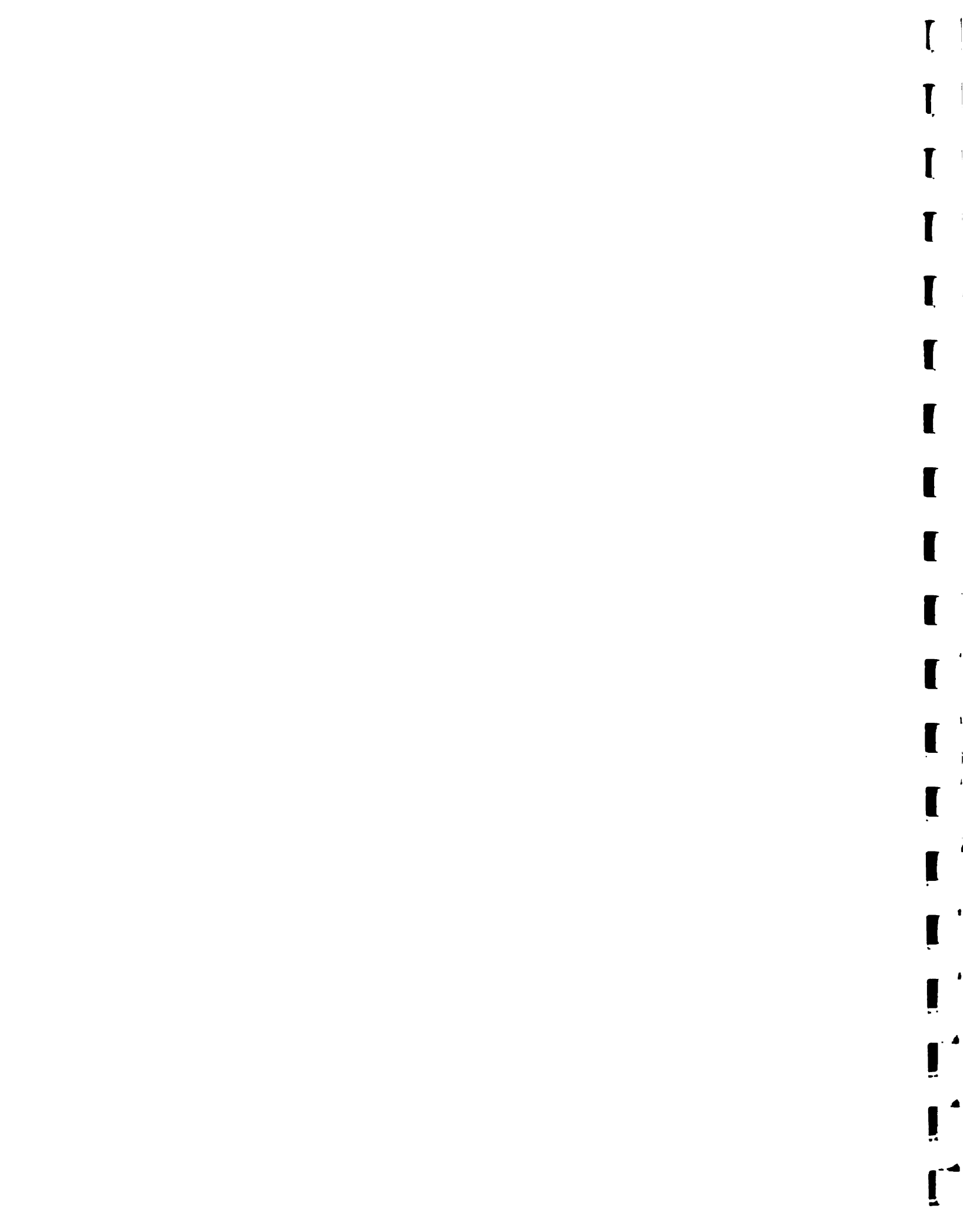


competition including for agricultural produce. To derive benefits from those expanded markets, a pronouncement is outlined that the real competing dominance for the Caribbean, depends within tropical agriculture. For " *More generally, who are the likely winners and losers from expanding trade flows to and from the East? For the industrialized countries, EESU will be a market for exports as well as a source of imports. Consumers and producers as a whole will benefit from this mutual expanding trade, tensions in sectors notwithstanding. For the developing countries, on the other hand, the impact threatens to be negative. In all likelihood, the initial phase of EESU exports will be based on agricultural commodities and on products where labor-cost advantages play an important role. Exports of the latter will compete head-on with labor-intensive manufactures presently exported by the developing countries*" 1/.

Notwithstanding that what is significant to highlight is that while in the Caribbean much improvement can be expected from its traditional tropical produce: i.e. bananas, sugar cane, cocoa, and citrus, among others, its competitive edge rests on **TROPICAL BOUTIQUE AGRICULTURE**. Certainly, produce such as papayas, mangos, avocados, ackees, breadfruit, limes, squash, dasheen, yams, ginger, pimento, peppers, nutmeg, exotic flowers and foliage and non-traditional tropical fruit, and spices among others could well be introduced as **BOUTIQUE**. The supply range can thrive considering exotic flavors and fragrances, sauces, dried fruits, snacks, and a wide diversity of tropical fruit juices. These are some of the products that the region conveys a competitive lead and the plausibility to find market niches in thriving world markets. In table #5 in the Annex there is data regarding the fresh market for selected produce in the USA as an illustration of a market potential with said trading partner.

An appraisal of existing productivity levels of land, labor, and capital in the agricultural sector for the Caribbean, abets the pronouncement that the development of **TROPICAL BOUTIQUE AGRICULTURE** is the most advantageous and viable option, in the short-run. To follow this agenda will bestow the Caribbean countries in a privileged market position.

To engage in this endeavor, there are certain issues which merit attention. First, an assessment of opportunities and limitations in the region; whether economic, technological

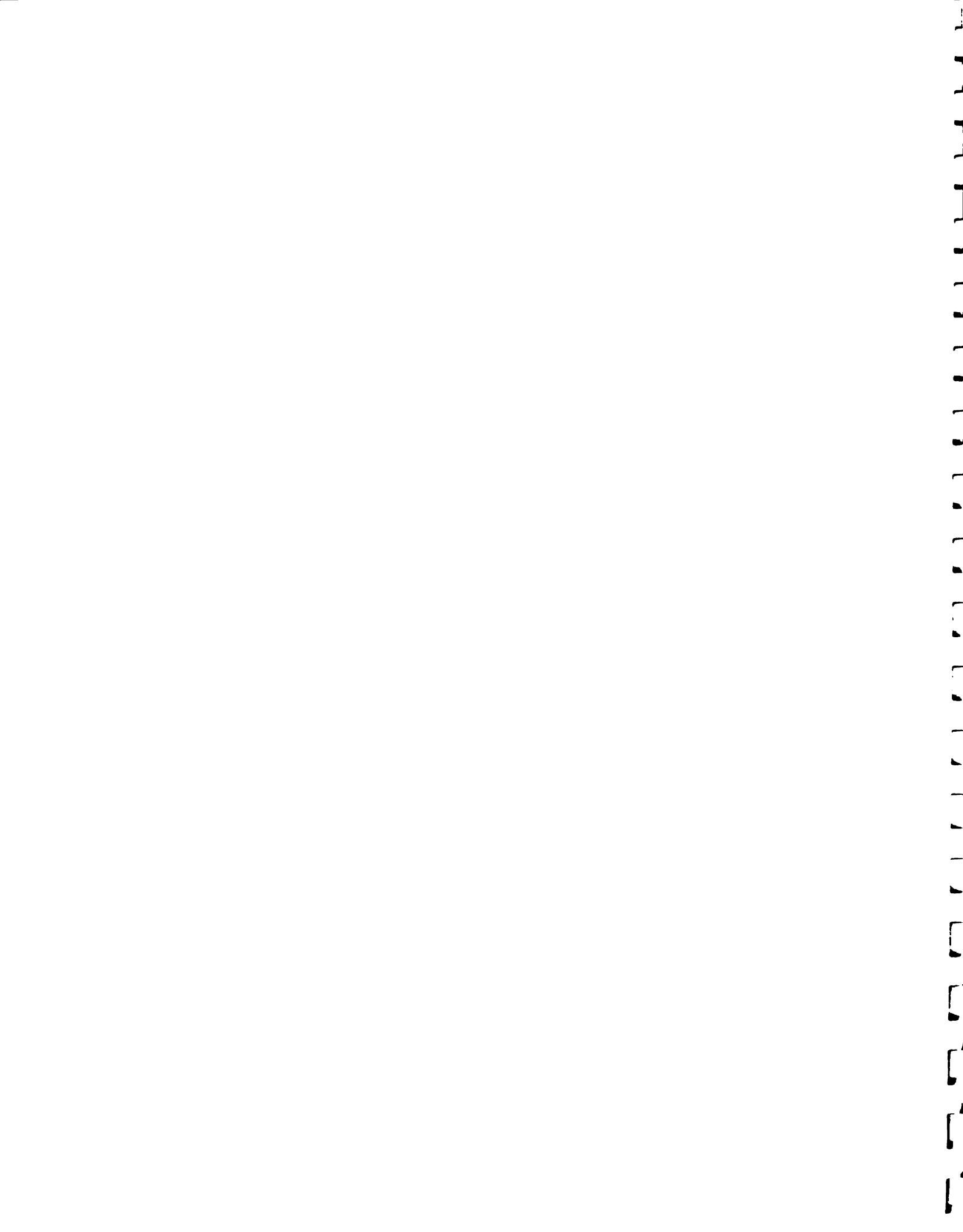


and/or structural, for the production and export of "Exotic", "Gourmet" and/or "Boutique" produce. Second, the outlook of specialized market niches for the chosen commodities and those of other competitive countries. To contemplate the tourist influx to the region, the Caribbean nationals presently residing abroad and ethnic groups, could be regarded as target groups and/or specialized market niches. Third, to focus on marketing strategies, trade and sanitary policies and regulations ought to be emphasized. The clue to success hinges on recognizing the significance to constitute markets for these specialized produce, if the Caribbean is to be competitive with its tropical agriculture.

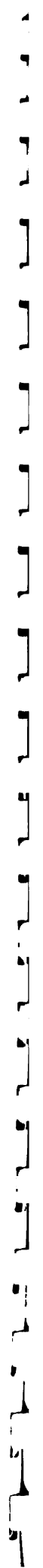
Some countries in the Caribbean already enjoy an unrecognized marketable position with **TROPICAL BOUTIQUE AGRICULTURE**, which needs to be elated and adopted as a national policy for the agricultural development of the Region. For instance Blue Mountain Coffee, Ginger, Pimento, Nut-meg, Sea Island Cotton, Yellow Yams are some of those "Exotic" produce. At a first glance, the range could be further enhanced and pursued such as: Mini-sett Yams, Foliage, Exotic Flowers, Ackees, Spices, Sauces, Unprocessed Dried Fruits, Tropical Fruit Juices and Purees, Flavors and Drinks, etc. These produce with agroindustry considerations do not need to be underscored. Fragrances, extracts can be obtained for cosmetics, toiletries, and cleaning products. Undeterminable agroindustrial possibilities also exist with regard to chocolates, candy, carbonated and alcoholic beverages, liqueurs, snacks, canned juices and foods, additives and condiments, jams and jellies are among other products which could be tapped for specific export market niches.

Doubtlessly, **TROPICAL BOUTIQUE AGRICULTURE**, envisioned within an integrated perspective with the agroindustrial sector in the medium-term, could prescribe even higher prices than today. This agricultural development option could place the Caribbean countries in a competitively advantageous position and as front-runners; relative to other countries, in a world grown market economy.

The challenge deserves to be scrutinized. To delimit the real potential for the production and export of "Exotic", "Gourmet" and/or "Boutique" agricultural produce and agroindustrial commodities is indeed an imperious task. For it is in the development of **TROPICAL BOUTIQUE AGRICULTURE** that the future of the agricultural sector; for the Caribbean, and thus its economic development in today's more competitive world, lingers. Granted, recognition is deserving to the issues of technology transfer (know-how), productivity, capital, access to technology, marketing and



management. Stressing the issue of marketing and the introduction of new products for specialized markets need not to be pronounce.



ANNEX



Table # 3

Ratio of Leading Commodity Exports to Total Exports

Country	Ratio	1st Com.	Ratio	2nd Com.	Ratio	3rd Com.
Barbados ^{1/}	61.2	Sugar	71.3	Electro-nics	80.3	Clothing
Guyana ^{1/}	47.7	Sugar	79.7	Bauxite	85.1	Rice
Jamaica ^{2/}	37.3	Alumina	50.9	Bauxite	59.7	Sugar
Trinidad & Tobago ^{1/}	48.3	Mineral Fuels	82.0	Chemical	89.9	Sugar
Antigua & Barbuda ^{3/}	45.6	Clothing	48.2	Rum	48.8	Lobsters
Dominica ^{2/}	43.7	Bananas	81.3	Soaps	86.7	N.A.
Grenada ^{1/}	26.1	Nutmeg & Mace	45.3	Cocoa	62.4	Bananas
St. Lucia ^{2/}	41.5	Bananas	55.4	Paper Products	66.3	Clothing
St. Vincent & Grenadines ^{4/}	42.8	Bananas	56.6	Flour	65.3	Rootcrops

Source: Plan of Joint Action For Reactivation of Agriculture in the Caribbean Countries. IICA 1989 Pag. 11

Notes: 1/ in 1987, 2/ in 1986, 3/ in 1982, 4/ in 1985.



Table 4

Degree of Caribbean Countries' Dependence on EEC
Preferential Markets

Countries	Agricultural Commodities			Economic Dependence
	Bananas	Sugar	Rice	
Barbados	-	X	-	Min-Mod1/
Guyana	-	X	X	High
Jamaica	X	X	-	Mod-High
Trinidad & Tobago	-	X	-	Min
Antigua	-	-	-	Min
Dominica	X	-	-	High
Grenada	X	-	-	Mod-High
St. Lucia	X	-	-	High
St. Vincent & The Grenadines	X	-	-	High
St. Kitts & Nevis	-	X	-	Mod-High

Source: Budhram D., and Rock L., The Single Market of 1992:
Implications and Policy Options For Caribbean
Agriculture. 1991. Pag. 37

Notes: 1/ Min=Minimal Dependence, Mod= Moderate Dependence

Table 5

The USA Market For Selected Produce

Produce	Imports1/		Growth Rate2/	Per-Capita Consumption3/		Growth Rate2/
	1975	1987		1975	1987	
Avocados	1,338	1,810	2.5	0.348	0.849	7.7
Cantaloups	63,012	136,421	6.6	2.316	3.825	4.3
Honeydews	10,852	75,325	17.5	0.464	1.107	7.5
Limes	3,955	32,228	19.1	0.103	0.257	7.9
Mangoes	8,054	51,999	16.8	0.076	0.272	11.2
Peppers	30,742	118,831	11.9	1.138	1.889	4.3
Squash	16,824	70,399	12.7	0.381	0.613	4.0

Source: Data taken from the output tables of U.S. Demand For
Selected Non-Traditional Caribbean Basin Initiative
(CBI) Agricultural Products., AID 1991

Notes: 1/ Metric Tons, 2/ 1975-1987, 3/ Kilograms



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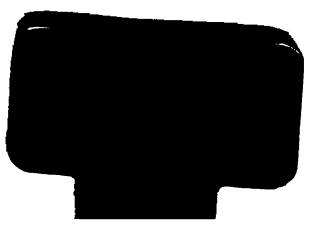
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